

**COUNCIL AUTHORITY FOR CONTRACT AWARDS
CONTRACT INCREASE**

Project Award	Contract Increase – Financial Management System
Recommendation	<p>Staff is recommending approval to proceed with a contract increase of \$1,289,252 (exclusive of HST) to Workday Ltd. for the implementation of a replacement Financial Management System;</p> <p>AND THAT delegated authority be provided for staff to proceed with change orders (if required) up to an aggregate value of 35% of the contract increase value, in order provide for contingency costs and training requirements that may arise during implementation;</p> <p>AND THAT the original seven (7) year contract term (5 year plus 2 year renewal period) as established in CORS-029-21 with Workday Ltd. for and HRIS system be extended by one (1) additional year to align with the contract end date of the Financial Management System;</p> <p>AND THAT a revised annual maintenance contract be awarded for a period of six (6) years to Workday Ltd. (inclusive of the previously awarded modules as well as the newly awarded Financial Management System) at the annual amounts outlined in the table below, in the total amount of \$2,918,426 (excluding taxes).</p>
Purpose of Report	As per Section 10.1 of Purchasing By-law No. 061-2018, Council approval is required.
Background information	<p>Established through CORS-001-21 and subsequently awarded via competitive process through CORS-029-21, the Town successfully implemented Workday as its Human Resource Information System (HRIS). In late 2023 and into early 2024, the Town successfully implemented and launched phase 2 of its HRIS initiative (Advanced Compensation, Recruitment, Scheduling) as approved by PDA-067-23 and reported back via CORS-060-23.</p> <p>In July 2023, Council received an update on the Town's Financial Management System (FMS) via CORS-037-23 which authorized staff to negotiate on a single source basis the award for the implementation and annual licensing of a replacement FMS to Workday Ltd. The implementation of a replacement FMS will encompass key functionalities the Town requires for ongoing day-to-day processes and is a pivotal component to the financial management operations of the organization:</p>

Schedule F

- Financials (general ledger, accounts payable, accounts receivable, budgeting);
- Projects (job costing, subcontract management, project management)
- Assets (purchase order, inventory, equipment costing)

Implementation of an updated FMS has been previously identified as a planned activity under the Innovate in Technology and Process strategic theme of the 2023-2027 Corporate Work Plan. Through the second half of 2023 and into 2024, Town staff worked diligently with the vendor to detail out core functionality required for the successful implementation of a new FMS, including product modules/sku's required within the software platform and a timeline for implementation (presently anticipated as a January 2026 launch for the initial modules).

Capital project C24110422 was previously increased to \$1,414,976 to accommodate this implementation via CORS-037-23. Additionally, through the 2024 capital budget process, a funding request in the amount of \$4,126,294 was approved for the project team resources and professional services needed for this implementation.

The Town's current contract with Workday Ltd. runs through to October 2026 with staff having previously being given the delegated authority via CORS-029-21 to extend an additional two (2) years to the end of 2028. The previously approved annual contract amounts and signed subscription agreements would see the Town paying annual invoices of \$320,762 in 2024 (with inflationary increases thereafter as well as adjustments for any changes in the Town's license requirements). The Town is seeking approval to extend this original agreement an additional one (1) year, through to the end of 2029. This would allow for the Town's overall license needs to be aligned (HRIS and FMS). With the execution of an updated agreement to include the required financial management functionalities as outlined above, the revised annual subscription amounts, inclusive of all modules/functionalities in use within Workday, will be as follows:

2024	\$322,722
2025	\$498,787
2026	\$508,762
2027	\$518,937
2028	\$529,316
2029	\$539,902
Total	\$2,918,426

Schedule F

	<p>In an effort to improve efficiency with invoice reconciliation and annual budget processes, this updated agreement will move the Town to calendar year invoicing. Additionally, the Town is re-aligning and co-terminating its Workday subscription to a single renewal and invoice date moving forward. Upon approval and subsequent execution of this revised agreement, the Town would be invoiced and receive a pro-rated credit back for any existing subscription fees already paid for 2024 (estimated \$129,694).</p> <p>The total fees identified in this report for both the one-time implementation costs as well as the annual subscription costs represent upset limit pricing based on the present scope of work and required modules. Town staff continue to work with the vendor to scope the implementation and ensure core functionality required for day-to-day processes is sufficiently identified and built into the overall implementation plan. Actual one-time and subscription costing may come in lower than what has been identified in this report. Any additional incremental changes to ongoing operational costs over the term of the five-year contract (<i>as a result of staff/licensing growth</i>) will be reviewed and submitted as part of annual operating budgeting exercises.</p> <p>The launch of the FMS modules outlined above will occur in phases. Staff will revisit existing workplans and establish updated timelines for the phases of the Workday platform as previously budgeted for in the 2023 capital budget and outlined on the 2023-2027 Corporate Work Plan.</p>
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Financial Planning Section: Budget Impact – Capital (Note 1)	
Account Number(s)	C24110422 / C24110424
Account Description	Financial Enterprise Systems
Project Total Budget	\$ 5,541,270
Contract Budget	\$ 2,719,889
Actual (Net of HST Rebate)	\$ 1,311,943
Variance	\$ 1,407,946 (F) (Note 2)
Funding Source	Project Variance Account
Financial Planning Section: Budget Impact – Operating (Maintenance)	
Account Number(s)	2216-3445
Account Description	Information Technology - Software Annual Maintenance
Project Total Budget	N/A
Contract Budget	\$ 633,300 (Note 3)
Actual	\$ 508,762 (Note 3 & 4)
Funding Source	Operating Budget

Note 1: Financial impact includes any non-refundable portion of HST.

Note 2: The remaining balance for professional services remains available to provide a funding source for any licensing costs that will be capitalized (before the new modules are operational), for training requirements and to provide an adequate contingency during the implementation phase. Surplus funds that remain at the time of project finalization will be returned to the project variance account at that time.

Note 3: Contract budget represents the annual Workday HRIS and legacy FMS maintenance budget for calendar 2024. Contract actuals are an estimate only for 2026. Budget will be reviewed in future operating budget planning.

Note 4: During project implementation in 2024 and 2025, a portion of the subscription cost will be funded from existing capital project C24110424. In 2026, the full subscription cost will be funded from the operating budget as the legacy FMS is expected to be discontinued.